

Message Text

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ACTION STR-07

INFO OCT-01 STRE-00 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05
SS-15 ITC-01 TRSE-00 USIA-06 SP-02 SOE-02 OMB-01
DOE-11 AF-10 ARA-10 EA-10 EUR-12 NEA-10 IO-13
OIC-02 DOEE-00 SSO-00 /159 W
-----033996 091553Z /42

P 091503Z MAR 78
FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 6976
INFO AMEMBASSY JAKARTA

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USMTN

STR FOR ACTION

STR PASS CODEL

E.O. 11652: N/A
TAGS: MTN, ETRD, ID
SUBJECT: BILATERAL PRESENTATION OF U.S. NTM TARIFF OFFER
- TO INDONESIA, FEBRUARY 28, 1978

1. U.S. MTN DEL (WALLAR) MET WITH INDONESIAN AMBASSADOR
KAHONO, AND ASSISTANTS PALILINGAN, SUMATRO, AND
PUDJI KOENTARSO FROM FOREIGN AFFAIRS DEPARTMENT, TO
EXPLAIN THE U.S. TARIFF OFFER. KAHONO TOOK ADVANTAGE
OF THE SESSION TO INFORM U.S. MTN DEL THAT ASEAN GENEVA
DELEGATIONS HAVE RECOMMENDED TO THEIR CAPITALS THAT A
MEETING OF THE SENIOR TRADE OFFICIALS (STO) SHOULD
BE HELD THE 28TH OF MARCH. THE PURPOSE OF THIS SESSION
WOULD BE TO ARRIVE AT A COMMON ASEAN POSITION WITH
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RESPECT TO THE VARIOUS DRAFT NTM CODES UNDER NEGOTIATION
IN THE MTN AND TO DISCUSS POSITIONS ON OFFERS. WITH
RESPECT TO THE LATTER, KAHONO SAID THAT ASEAN COORDINA-
TION WOULD NOT BE "TOO RIGID", GIVEN THE VARIED
INTEREST AMONG ASEAN MEMBERS. FYI: U.S. MTN DEL HAS
LEARNED FROM OTHER ASEAN REPS THAT MALAYSIA, PHILIPPINE
AND SINGAPORE DELS HAVE RECOMMENDED A FOLLOW UP MEETING

BE HELD WITH U.S. DELEGATION AFTER STO MEETING. END FYI.
IN ADDITION, KAHONO QUERIED WHETHER U.S. MTN DEL
WOULD BE PREPARED TO TRAVEL TO ASEAN CAPITALS TO CON-
DUCT NEGOTIATIONS. KAHONO NOTED THAT A VISIT OF U.S.
TEAM WOULD FORCE ASEAN OFFICIALS RESPONSIBLE FOR
ULTIMATE DECISIONS TO FOCUS ON MTN ISSUES.

2. U.S. MTN DEL PROVIDED A BRIEF EXPLANATION OF
THE U.S. TARIFF OFFER AS IT AFFECTS U.S. IMPORTS
FROM INDONESIA, BASED UPON 1976 STATISTICS. ALTHOUGH
TOTAL IMPORTS FROM INDONESIA TO THE U.S. IN 1976 WERE
APPROXIMATELY \$3 BILLION, \$2.5 BILLION CONSISTED OF
PETROLEUM AND PETROLEUM PRODUCTS, ITEMS EXCLUDED
FROM THE APPLICATION OF THE WORKING HYPOTHESIS FOR TARIFF
REDUCTIONS. THE BULK OF REMAINING U.S. IMPORTS FROM
INDONESIA ARE ALREADY DUTY-FREE. WITH RESPECT TO AGRI-
CULTURAL PRODUCTS, U.S. MTN DEL INDICATED THAT U.S.
OFFER COVERED ITEMS TOTALING \$663,000 WORTH OF IMPORTS
FROM INDONESIA. NO OFFER HAD BEEN MADE ON AGRICULTURAL
GOODS VALUED AT \$5.4 MILLION SINCE THE U.S. HAD NOT
RECEIVED A REQUEST OR A REQUEST FROM THE PRINCIPAL SUP-
PLIER. WITH RESPECT TO INDUSTRIAL ITEMS SUBJECT TO
THE WORKING HYPOTHESIS TARIFF REDUCTION, U.S. MTN
DEL POINTED OUT THAT U.S. WAS OFFERING TARIFF CUTS
UP TO ITS MAXIMUM LEGAL AUTHORITY ON MERCHANDISE ACCOUNT-
ING FOR \$7.6 MILLION OF U.S. IMPORTS FROM INDONESIA.
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ANOTHER \$2.7 MILLION OF IMPORTS WERE SUBJECT TO OFFERS
INVOLVING TARIFF REDUCTIONS OF LESSER MAGNITUDES.

3. FYI AMEMBASSY JAKARTA: FIGURES CITED ABOVE ARE
BASED UPON THE U.S. OFFER WHICH IS CLASSIFIED AS GATT
"SECRET" AND, DUE TO SENSITIVITY OF THE OFFER, SHOULD
NOT BE CITED IN CONVERSATIONS WITH THE PRESS AND PRI-
VATE SECTOR CONTACTS. END FYI.

4. KAHONO EXPRESSED APPRECIATION FOR THIS BRIEFING
AND ASKED A NUMBER OF QUESTIONS WITH RESPECT TO INDONE-
SIAN TRADE POSITION ON ITEMS SUBJECT TO THE U.S. OFFER.
ACCORDING TO OUR STATISTICS, INDONESIA IS PRINCIPAL
SUPPLIER ON ONLY THREE ITEMS SUBJECT TO THE U.S.
OFFER AND IS SECOND OR THIRD SUPPLIER ON EIGHT
ITEMS. KAHONO ASKED WHETHER A PRINCIPAL SUPPLIER WAS
REQUIRED TO REQUEST A TARIFF REDUCTION BEFORE THE U.S.
WOULD EVER MAKE AN OFFER ON AN ITEM. KAHONO ENVISAGED
THAT THE PRINCIPAL SUPPLIER WOULD WANT TO MAINTAIN ITS
FAVORABLE POSITION IN THE MARKET AND NOT OPEN ITSELF
UP TO INCREASED COMPETITION FROM NEWCOMERS. U.S. MTN DEL
RESPONDED THAT WE MIGHT BE WILLING TO ENTERTAIN ANY

SUGGESTIONS INDONESIA WISHED TO MAKE IF INDONESIA CAME TO THE U.S. WITH AN INTERESTING CONCESSION THAT WOULD MAKE SUCH AN OFFER WORTHWHILE. KAHONO ALSO ASKED WHETHER THE ASEAN AS A GROUP COULD BE REGARDED AS A PRINCIPAL SUPPLIER. U.S. DEL SAID THAT HE HAD NO FORMAL POSITION ON THIS BUT NOTED THAT WHEN ASEAN AS A WHOLE WAS THE PRINCIPAL SUPPLIER, VARIOUS ASEAN COUNTRIES USUALLY HAD A SUBSTANTIAL SHARE OF THE U.S. IMPORT MARKET. KAHONO ALSO ASKED QUESTIONS ON WHETHER THE TROPICAL PRODUCTS NEGOTIATIONS WERE STILL OPEN, WHETHER TARIFF RECLASSIFICATIONS WERE POSSIBLE, AND WHETHER FORMULA OFFERS COULD BE IMPROVED. U.S. MTN DEL REPLIED IN THE AFFIRMATIVE TO ALL QUESTIONS, BUT STRESSED THAT IN ORDER TO PROCEED TO THAT STAGE LIMITED OFFICIAL USE

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INDONESIA MUST APPROACH THE U.S. WITH SPECIFIC REQUESTS AND A LIST OF CONTRIBUTIONS IN ORDER TO ENGAGE THE

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FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 6977
INFO AMEMBASSY JAKARTA

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USMTN

STR FOR ACTION

STRE PASS CODEL

U.S. IN A FULL NEGOTIATING EXERCISE.

5. KAHONO ASKED A NUMBER OF QUESTIONS WITH RESPECT TO THE MTN TIMETABLE. DURING THIS DISCUSSION HE FREQUENTLY TURNED TO THE REPRESENTATIVE FROM THE FOREIGN AFFAIRS DEPARTMENT, MR. PUDJI, TO IMPRESS UPON HIM THE SINCERITY WITH WHICH THE U.S. DELEGATION IS MOVING TOWARD THE COMPLETION OF THE MTN. AT THE END OF THE DISCUSSION, KAHONO REMARKED THAT ACTIVE INDONESIAN PARTICIPATION IN THE NEGOTIATIONS WOULD NOT BE LIMITED BECAUSE OF LACK OF DESIRE, BUT BECAUSE OF THE DISORGANIZATION OF COMMUNICATING WITH AND OBTAINING DECISIONS FROM THE CAPITAL. HE WONDERED IF THE JULY DEADLINE WOULD BE MET AND WAS INTERESTED IN THE POSSIBLE LIMITED OFFICIAL USE

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BILITY FOR CONTINUING THE MTN. U.S. MTN DEL OBSERVED THAT PREVIOUS MTN TARGET DATES HAD BEEN MET AND THAT THE U.S. AS WELL AS OTHER DEVELOPED AND DEVELOPING COUNTRIES WERE COMMITTED TO A SUCCESSFUL CONCLUSION IN JULY.

6. DRAFTED BY WALLAR. CULBERT

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Message Attributes

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